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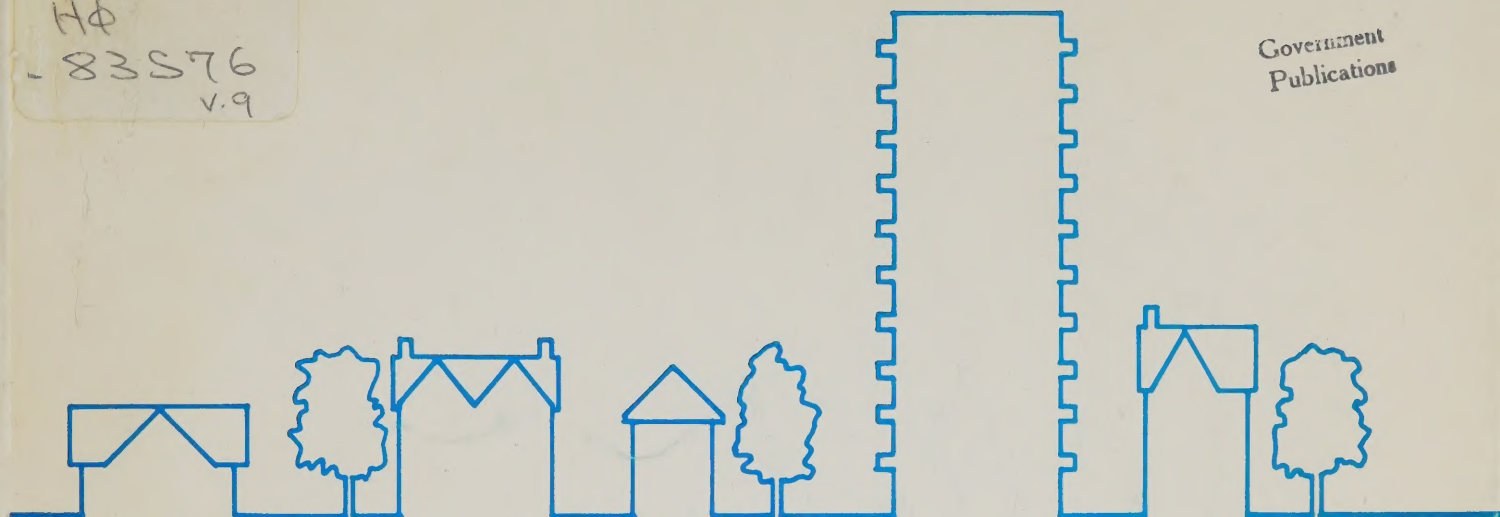
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# STUDY OF RESIDENTIAL INTENSIFICATION AND RENTAL HOUSING CONSERVATION

## PART 4 : CONSERVING THE EXISTING RENTAL HOUSING STOCK

### 4.1 : RECENT RENTAL STOCK LOSSES AND THE IMPACT OF DECONVERSION

PREPARED FOR  
THE ONTARIO MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING  
AND THE ASSOCIATION OF MUNICIPALITIES OF ONTARIO

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MARCH 1983

## VOLUME 9



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NOTE:

This is a consultants' report. Any statements or opinions expressed herein are those of the writers or of persons quoted and, unless otherwise noted, are not necessarily endorsed by the Ministry of Municipal Affairs & Housing, Government of Ontario, or the Association of Municipalities of Ontario.









## FOREWORD

This study was commissioned jointly by the Ontario Ministry of Municipal Affairs and Housing and the Association of Municipalities of Ontario. Funding for the study was provided by the Ontario Ministry of Municipal Affairs and Housing through the Housing Renovation and Energy Conservation Unit of the Community Housing Wing. The Ministry's chief representative on the study was Mr. George Przybylowski of the Housing Renovation and Energy Conservation Unit. In this capacity, Mr. Przybylowski was the prime client contact throughout the study process and the consultants wish to express their gratitude to him for his considerable personal commitment to this study and the many creative and useful suggestions he made during the course of the investigations.

The findings, conclusions and recommendations contained in the various volumes of the study report are those of the consultants as are any factual errors they may contain. The report does not constitute Ontario Government or A.M.O. policy but is a report to these two organizations for their consideration.

Peter G. McInnis  
Study Director

This report was prepared under the direction of the Director of the Central Intelligence Agency and the Secretary of the Intelligence Community. It is a summary of the information received from the various sources of intelligence and is intended to provide a basis for the formulation of policy and the execution of operations. The information is classified as "Secret" and is to be controlled in accordance with the provisions of the Intelligence Community Directive No. 1.

The information in this report is classified as "Secret" and is to be controlled in accordance with the provisions of the Intelligence Community Directive No. 1. It is to be disseminated only to those personnel who have a valid "need-to-know" and are authorized to receive it.

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## GENERAL INTRODUCTION

This document forms one volume of an eleven volume study report commissioned jointly by the Ontario Ministry of Municipal Affairs and Housing and the Association of Municipalities of Ontario (A.M.O.) in July, 1982. The prime objectives of the study were:

1. To examine the opportunities and constraints that exist for meeting some of the future additional housing needs in Ontario during the 1980's and 1990's through the intensification of existing residential neighbourhoods.
2. To examine some of the major forces at work that have and could threaten the conservation of the existing stock of rental housing and the tenants that occupy this stock.

These objectives were formulated in response to concerns on the part of the Ministry and A.M.O. regarding recent and emerging trends in housing and urban development and population growth and change in Ontario.

It is safe to assume that there will continue to be a demand for more rental and ownership housing units in Ontario during the 1980's and 1990's due to both an absolute increase in population and an increase in the number of households. However, there is growing evidence that this demand could be different in nature than during the last decade. While demand will continue to be focused in urban areas, there will likely be increasing pressure for inner city housing particularly in the larger urban centres such as Toronto, Ottawa and Hamilton. Also, households are getting smaller and older; and more people are beginning to accept the prospect of never being able to afford to own a home. These trends suggest that there will be an increasing demand for smaller dwellings. While consumer preference information may not support this, the general state of the economy and the future affordability of housing may dictate these demands.

The Government of Ontario and the Association of Municipalities of Ontario are concerned about how these additional and somewhat different housing needs of the 80's and 90's will be met, particularly in light of the downturn in the construction of new private rental housing; the economic prospects for the 80's and 90's and the likely restraints on public expenditures related to new facilities and services and socially assisted housing; and the increasing difficulty of providing new housing through large scale redevelopment and/or a further expansion outwards of Ontario's urban fabric.

There are two major approaches to creating additional housing: 1) building new and 2) making more efficient (intensive) use of the housing stock that currently exists. This study is aimed primarily at the latter and specifically at the potential for meeting some of the future housing needs in

the Province through the conversion of the existing stock of some 1,200,000 grade-related owner occupied dwellings in the Province. The extent to which this study is concerned with new housing was limited to the opportunities that might exist for small scale residential infill in residential neighbourhoods.

In addition to being concerned about meeting additional housing needs, the Ministry and A.M.O. were concerned about conserving the existing rental stock in a safe and livable condition for at least the same number of households as it currently accommodates. While this aging/conservation issue is by no means a new one, the nature of the issue will likely be quite different in the future. Until the late 1950's, the vast majority of housing in the Province was grade-related and owner occupied, and the conservation of these types of dwellings usually happened as a matter of course without much concern or assistance on the part of governments. In the last 30 years, however, the housing stock profile has changed dramatically with the advent of the high-rise apartment building. Rental apartments in multiple unit buildings form a much larger proportion of the stock than ever before. Approximately two-thirds of the over one million rental housing units in Ontario are located in high-rise or low-rise/walk-up multiple unit apartment buildings. Forty percent or 434,000 of the total rental units are in high-rise buildings. The conservation of the apartment rental stock has never been a serious issue in the past because of the relative newness of this stock. However, as these buildings age during the 80's and 90's (many are already 20 years old), serious attention will have to be given to the efforts that will be required to maintain these units in a safe and livable condition and within the economic reach of a large majority of the population. Therefore, the second objective of this study was in part, to examine the type of building repairs and improvements (and their associated costs) that will be required to conserve the Province's stock of some 434,000 high-rise rental apartments over the next 20 years.

A second rental housing conservation concern of the Ministry and A.M.O. had to do with the perceived loss of low-income rental accommodation that has traditionally been available in the form of rooms and apartments in grade-related dwellings in older neighbourhoods. Specifically, the study was to examine the extent of the loss of this type of housing due to demolition and deconversion resulting from the gentrification of these dwellings and the impact these losses have had on tenants.

The investigations were carried out by a series of five individual consultants working under the direction of a sixth consultant retained to coordinate and direct the study investigations. The work of each consultant was monitored and reviewed by a core study group made up of the five consultants, the study director and representatives of MOMAH and AMO.



## Core Study Group

Study Director: Peter McInnis  
Klein & Sears Research and Planning Limited

Consultants: Michael Adams  
Environics Research Group

Jack Klein  
Klein & Sears, Architects

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Ministry  
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A.M.O.  
Representatives: Mayor W. McLean Town of Ajax

Gwyn Simmons City of Ottawa Non-Profit Housing  
Corporation

Special Assistant  
To Core Group: Betty Kaser

While the consultants' work on this study began formally at the beginning of July, 1982, some considerable effort was spent in advance of this start-up by a steering committee of Ministry and AMO representatives in developing terms of reference and a work plan with the Study Director that reflected the findings of an extensive and detailed review of the literature pertaining to the issues in question. This literature review was carried out by David Hulchanski for the Ministry during April and May of 1982 and has been published under separate cover. The prime purpose of this review was to identify the extent to which the issues in question had already been considered and the findings and conclusions that had been reached in order that the consultants' work could be focussed on those issues about which there is limited knowledge or understanding. Also, this review provided a valuable basis for establishing certain propositions to be tested in the study.

The investigations, particularly those relating to Objective #1, were carried out on a case study area basis in the municipalities of Toronto, North York, Hamilton, Kingston, Woodstock and Ottawa with special input from municipal officials in Thunder Bay. These municipalities were selected to reflect the fact that many of the issues under investigation were more associated with larger urban areas as well as to provide, at the same time, a range of sizes of municipalities for comparative purposes.

The overall study report is organized into 11 separate volumes. These 11 volumes follow the 5 part organization of the findings, conclusions and recommendations of the study investigations as indicated below:

PART #	TITLE (Prime Consultants)	VOLUME #
1	Summary of Findings And Recommendations (Klein & Sears)	1
2	Economic And Demographic Trends for the 80's and 90's (Clayton Research Associates)	2
3	Residential Intensification And Future Housing Needs	
	3.1 Physical Potential (Clayton Research Associates)	3
	3.2 Economic Issues (Klein & Sears and Clayton Research Associates)	4
	3.3 The Supply Process (Environics Research Group and Clayton Research Associates)	5
	3.4 Tenant Demand (Environics Research Group)	6
	3.5 Neighbourhood Impact And Resistance (Environics Research Group and Lewinberg Consultants)	7
	3.6 Municipal And Provincial Policies And Regulations (Walker, Poole, Milligan)	8
4	Conserving The Existing Rental Housing Stock	
	4.1 Recent Rental Stock Losses and the Impact of Deconversion (Clayton Research Associates and Lewinberg Consultants)	9



4.2	Future Conservation Requirements And Costs for High-Rise Apartments and the Possible Impact on Rents and Tenants (Klein & Sears and Clayton Research Associates)	10
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5	Data Sources And Problems (Clayton Research Associates)	11
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This particular volume (Volume #9) of the study report was prepared by two different consultants. Mr. Greg Lampert of Clayton Research Associates was responsible for the first part of this volume dealing with recent rental stock losses and Mr. Frank Lewinberg of Lewinberg Consultants prepared the second part of this volume dealing with the impact of deconversion.





## INTRODUCTION TO PART 4

This part of the study is devoted to the second objective of the study outlined in the General Introduction:

"To examine some of the major forces at work that have and could threaten the conservation of the existing rental housing and the tenants that occupy this stock"

This objective is admittedly broad in scope and complex in terms of the variety of issues that it covers. Therefore, the study was directed to focus on two specific aspects of conservation:

- recent rental stock losses and the impact of deconversion activities; and
- future conservation requirements and costs for high-rise apartments and the possible impact on rents and tenants.

The results of these two areas of investigation are not closely interrelated in the same way as were the various investigations that comprise Part 3 dealing with intensification. Nonetheless, they are conceptually linked in that both deal with the very critical issue of ensuring that rental housing needs of the 80's and 90's can be met.

The existing rental stock in Ontario (as with the total housing stock) is an important and extremely valuable asset which is performing an essential function - housing people who, through necessity or choice, have opted to live in rental accommodation rather than purchase a home of their own. The current rental stock, plus additional new rental dwellings, will be required at least to the end of this century (and likely well beyond also) to accommodate projected household growth as well as current renters. Inevitably, some of this stock will be lost through various means; but each unit lost must be replaced and these replacement units, as well as the new units which are required to accommodate renter household growth, will cost 2 to 3 times as much to build as the units lost to the stock. These higher costs will, of course, be reflected in substantially higher rents for the new accommodation - rents which many of the displaced tenants simply will not be able to afford. This, plus the inefficiency of allowing an essential low-cost capital asset to degenerate or to be demolished and replaced with a high-cost capital asset, is the reason behind this study's mandate to explore ways of promoting the conservation of the existing rental stock.

The reasons behind the loss of rental stock are complex and numerous and they vary in importance from centre to centre:

- Some buildings simply are obsolete and do not provide the standard of accommodation which society dictates as being appropriate.

- Some units are located in structures which have in the past been converted to multiple occupant use which may no longer be considered to be suitable by the current owners.
- Some rental units are individually owned units (grade-related dwellings or condominiums) which can revert back and forth between rental and owner-occupation upon sale or the changing circumstances of the owner. Of particular importance is the impact of what is commonly known as "gentrification" or the deconversion and renovation of existing low rental grade-related accommodation in inner city neighbourhoods.
- In many cases, however, rental units are being lost because the current economics of the rental market are such that many private landlords can make greater returns by disposing of the properties through sale, conversion to condominium or demolition and replacement with new buildings and investing their money elsewhere.

The economics of the rental market are such that prevailing market rents are well below the rents which would be necessary to carry today's construction and financing costs for a new rental property - unless the government is prepared to contribute a significant subsidy. As was outlined in the section on the economic and demographic environment, the reasons behind the problems in the rental market are fairly straightforward - even if the solutions to the problems are difficult:

- Rent review: clearly, the imposition of rent review in 1975, at a time when rental markets were tight and rents were rising, has served to keep market rents below what would have been the case in their absence. It is tempting for many observers to blame the entire rental market imbalance on rent review but this is not the case, other factors have contributed as well.
- Lower subsidies to rental investors: in an effort to spur rental construction in the late 1970's and early 1980's, the federal and provincial governments initiated subsidy programs for investors in rental accommodation. These subsidies were very costly but they resulted in large numbers of new rental projects which had rents well below what would have been possible in the absence of the subsidies. An important impact of these programs from the point of view of the rental market as a whole was that they relieved the pressure for a strong upward movement in rents that would have occurred if the market had been left alone. Most rental subsidy programs have now been discontinued so new rental projects require markedly higher rents than those built even 2-3 years ago with the subsidies.
- High mortgage interest rates: the combination of decreased rental subsidies and the explosion in interest rates in 1979-1982 have dramatically increased the rents which would be necessary to cover costs on a new building or a building facing renewal of its mortgage.



As a result of this combination of factors, new rental units are coming onto the market at significantly higher rents than the units in existing rental projects. New production is weakened because the demand for new units is constrained by the substantial gap between the rents on these new units versus the prevailing rents in the existing stock. Landlords in the existing stock, meanwhile, have had their profits constrained below what they would be in a free market. This can result in either acceptance of the status quo (6% annual rent increases, or more if they can prove that their costs increase by more) or some action which might increase their profits. This latter course could mean one of the following:

- Sale to another landlord can increase profits since, by the rules of the rent review process, the purchaser can pass through an increase in rents as a result of increased financing costs. The ability of the new landlord to pass the higher rents on to the tenant is the key behind this process since the higher rent stream will increase the value of the property - the existing landlord could not pass on such higher financing costs.
- Conversion of multiple unit rental properties to condominium tenure can bring vastly increased values for existing rental properties since the sale prices are more closely related to dwelling replacement costs than are market rents. This avenue has been closed in most municipalities through regulations which place limitations on the ability of owners to convert existing rental properties to condominiums because of the tight rental markets.
- Postponement of normal maintenance or conservation expenses (and minimization of other expenses) can result in higher returns. Landlords can increase rents beyond 6% if they can justify the increase because of increased costs - but increased profits cannot form part of the justification and the procedure is tedious and uncertain. If cost increases can be held below 6 percent, profits will increase - profit-maximizing landlords will, therefore, have good reasons to try to minimize outlays of all kinds. There is a real danger that essential maintenance and conservation expenses on rental buildings are being postponed because of this.
- Demolition and sale or redevelopment can make economic sense in some cases as well. If a rental building is old and substantially depreciated (for tax purposes), and is in a location where a newer residential or commercial building could be successfully marketed at substantially higher rents, it may be worthwhile to demolish the existing building and replace it - even if it is of reasonably good standard. Tax rules can further this process because if a property is substantially depreciated (for tax purposes), sale of the property at a higher price could face the landlord with recaptured depreciation on the building which is taxed at twice the level of capital gains tax on the increased land value. If the building is demolished and

replaced, all increased value accrues to the land and the landlord would face no recapture of depreciation. Also, if the new building is in a good location, which much of Ontario's older rental stock is, the site could probably support a quality rental or condominium building with no control on returns.

There are, real concerns that, at a time of tight rental markets in most Ontario centres, much of the existing stock of rental units is at risk because of the types of factors outlined above. Owners of rent controlled units are frustrated because their profits are being suppressed with no real prospect of significant change. Prospective investors in both new and existing rental accommodation are investing elsewhere because immediate returns are better and there are no artificial constraints on future returns. Tenants are frightened because it is difficult to find alternative accommodation at rents they feel they can afford. There is evidence of some deterioration in the upkeep of existing rental properties which, in addition to detracting from their attractiveness and utility as places to live, may be shortening their effective life.

Conserving the existing rental stock is an important issue today. We simply cannot afford to lose the current stock of rental housing when it is clear that both this stock and even more will be required at least to the end of this century. This section attempts to address this issue by examining the extent of rental stock loss in recent years and the social impact of this loss. Also, it examines the costs which we as Ontarians must face to conserve the 434,000 high-rise rental apartment units in the Province over the next 20 years, the types of options open to landlords of today's stock in meeting these costs and the likely impact on tenants of future conservation costs of high-rise rental properties.



PART 4.1.1  
RECENT RENTAL STOCK LOSSES

Prepared by:  
Clayton Research Associates





## **PART 4.1.1 RECENT RENTAL STOCK LOSSES**

### **1.0 INTRODUCTION**

As with most parts of the study, data presented a real problem in analyzing rental stock losses. The only source of reliable information on stock losses was the case study area municipalities own files which yielded information on demolitions and condominium conversions. Also, the development of the Housing Occupancy Analysis System (HOAS) by the Ministry of Municipal Affairs and Housing in co-operation with the City of Toronto Planning Development Department yielded some hitherto unavailable information on deconversions and reversions of rental properties to owner-occupant status for the City of Toronto.<sup>1</sup> Unfortunately, the available data precluded any analysis of rental stock losses outside of the six case study areas.

This section commences with a description of overall housing stock and tenure changes in the City of Toronto, highlighting rental stock losses through demolitions, conversions to owner-occupancy and deconversions. This description establishes the framework for the types of rental stock losses and sets the stage for the later discussion of rental stock losses in the other case study areas due to demolitions and condominium conversion.

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<sup>1</sup> See Volume 12 on Data Sources and Problems for a description of the Housing Occupancy Analysis System.

## 2.0 STOCK AND TENURE CHANGES IN THE CITY OF TORONTO

A significant amount of rental stock was lost in the City of Toronto in the 1976-1981 period. Some of this loss occurred as a result of demolition or conversions of rental dwellings to non-residential uses, but more significant was the loss of rental stock due to deconversions which occurred primarily as a result of the process of gentrification. Before grantifying the rental stock losses, it is mistructive to review the data sources and concepts behind City of Toronto housing stock and tenure changes presented below.

The Housing Occupancy Analysis System (HOAS) facilitates analysis of housing stock and tenure changes in a municipality by examining, on a property-by-property basis, the numbers of dwelling units and their tenure at two different periods. HOAS utilizes assessment records which classify all occupied properties into three tenure categories:

- . Owner-occupied;
- . Owner-tenant; and
- . Tenant-occupied.

The owner-occupied and tenant-occupied categories are self-explanatory - they relate to properties in which all units are either owner-occupied or rental. "Owner-tenant" relates to properties where both the owner and a tenant reside. The assessment definition of dwelling unit appears to be more liberal than that used in the Census of Canada, so the dwelling unit counts are higher and many properties which the Census would count as owner-occupied dwelling units with a boarder or lodger would be counted in the assessment records as owner-tenant properties with two or more dwelling units. The definitional difference can be illustrated with reference to the 1981 housing stock figures by tenure from both the Census and the assessment records for the City of Toronto.

Table 2.0 Occupied Dwelling Stock By Tenure  
City Of Toronto, 1981 (000's Of Dwelling Units)

	<u>Census of Canada</u>	<u>Assessment</u>	<u>Difference</u>
Owner-Occupied	98.3	87.3	-11.0
Owner-Tenant	-	35.6	+35.6
Tenant-Occupied	<u>143.0</u>	<u>139.3</u>	<u>- 3.7</u>
Total Occupied Stock	241.3	262.2	+20.9

Source: 1981 Census of Canada and Housing Occupancy Analysis System, City of Toronto Planning and Development Department.

It seems likely that the vast majority of the 20,900 unit difference between the total dwelling stock figures yielded by the two sources consists of rented living quarters in converted dwellings which do not meet the more strict Census definition of a dwelling unit.

Unlike the approach taken in the sections of this study that relate to the physical potential of the stock for conversion, this section utilizes the more liberal assessment figures for dwelling units, rather than standardizing the figures to correspond with the Census of Canada stock figures.

The occupied dwelling stock in the City of Toronto increased by 6,300 units over the 1976-1981 period. The increase was concentrated in the owner-occupied and tenant-occupied properties which each increased by 7,500 units or more; the owner-tenant category (the category with converted units) declined by 9,400 units.

Table 2.1 Assessment Dwelling Stock By Tenure  
City Of Toronto, 1976 And 1981 (000's Of Dwelling Units)

	<u>1976</u>	<u>1981</u>	<u>Change</u>
Owner-Occupied	79.1	87.3	+8.2
Owner-Tenant	45.0	35.6	-9.4
Tenant-Occupied	<u>131.8</u>	<u>139.3</u>	<u>+7.5</u>
Total Occupied Stock	255.9	262.2	+6.3
Vacant	<u>5.6</u>	<u>6.5</u>	<u>+0.9</u>
Total Stock	261.5	268.7	+7.2

Source: Housing Occupancy Analysis System, City of Toronto Planning and Development Department.

These overall changes mask a number of distinct trends within the existing stock. Among the most notable of these trends (summarized from the table below) during 1976-1981 are:

- . 8,200 dwelling units were lost from the total stock which was in place in 1976:
  - 3,100 of these units lost were in properties which were either demolished or converted to non-residential uses;
  - the remaining 5,100 units lost represented mainly net deconversions of buildings from multiple unit occupancy to single unit occupancy.



- . These units lost were more than replaced by the construction of new properties which added 15,400 new dwelling units during the period so the overall increase in dwellings was 7,200 units.
- . A substantial amount of deconversion activity occurred during the period in the 45,000 units in owner-tenant properties in 1976; an examination of these same properties in 1981 yields the discovery that:
  - 22,100 units were still in owner-tenant status;
  - 11,100 units switched to owner-occupier status with no tenants;
  - 5,600 units were totally tenant-occupied in 1981;
  - 700 units were lost due to either demolition or conversion of the property to non-residential purposes;
  - about 5,000 units were lost due to other reasons (most likely deconversion of the property); and
  - 500 units were vacant; many of these would be vacant second units rather than totally vacant buildings.
- . Offsetting the number of dwelling units lost in previously owner-tenant buildings, a number of previously totally owner-occupied or tenant-occupied properties switched to the owner-tenant category in 1976-1981; in 1981 there were 7,000 owner-tenant units in what previously were owner-occupied buildings and 5,900 owner-tenant units in what previously were tenant-occupied buildings. Unfortunately, it is not possible to establish how many new units were created in this process but it seems certain that at least some of these units are newly created second or third units in what was previously a one unit property.
- . Switches of tenure between owner-occupied and tenant-occupied properties largely offset each other in 1976-1980; 4,900 units switched from owner-occupancy to tenant-occupancy while 5,800 units switched from tenant-occupancy to owner-occupancy.

These and other trends are illustrated in the following table which concentrates on changes in Toronto's 1976 dwelling stock during the 1976-1981 period.

Table 2.2 Changes In 1976 Assessment Dwelling Stock  
City Of Toronto, 1976 - 1981 (000's Of Dwelling Units)

	<u>Occupied Stock by 1976 Tenure</u>			<u>Total Occupied Stock</u>	<u>Vacant</u>	<u>Total Stock</u>
	<u>Owner- Occupied</u>	<u>Owner- Tenant</u>	<u>Tenant Occupied</u>			
1976 Stock	79.1	45.0	131.8	255.9	5.6	261.5
<u>Changes 1976-1981</u>						
Demolitions and Conversion to Non-Residential	-0.3	-0.7	-1.6	-2.6	-0.5	-3.1
Other Reasons	<u>+0.3</u>	<u>-5.0</u>	<u>-1.0</u>	<u>-5.7</u>	<u>+0.6</u>	<u>-5.1</u>
1976 Stock Remaining in 1981	79.1	39.3	129.2	247.6	5.7	253.3
<u>Stock Remaining in 1981 by Tenure in 1981</u>						
Owner-Occupied	65.8	11.1	5.8	82.7	1.9	84.6
Owner-Tenant	7.0	22.1	5.9	35.0	0.5	35.5
Tenant-Occupied	<u>4.9</u>	<u>5.6</u>	<u>115.0</u>	<u>125.5</u>	<u>2.5</u>	<u>128.0</u>
Total Occupied Stock	77.7	38.8	126.7	243.2	4.9	248.1
Vacant	<u>1.4</u>	<u>0.5</u>	<u>2.5</u>	<u>4.4</u>	<u>0.8</u>	<u>5.2</u>
Total Stock	79.1	39.3	129.2	247.6	5.7	253.3

Source: Housing Occupancy Analysis System, City of Toronto Planning and Development Department.

Clearly, there has been a severe rundown in the owner-tenant dwelling stock in 1976-1981 with many of the dwellings being deconverted to owner-occupant use. The loss of these units has occurred for a number of reasons including the process of gentrification.

The households which were generally considered to be receptive to renting out portions of owner-occupied dwellings (owner-tenant dwellings) were often part of the various ethnic groups residing in inner-city neighbourhoods. However, over the past decade, the number of people in the City of Toronto reporting a

mother tongue other than English has fallen by 51,000. Many of the inner-city residents who were homeowners in the neighbourhoods undergoing deconversion and gentrification sold their houses and moved to the suburbs, just as the parents of baby-boom generation had done 25 years previously. During the last ten years the non-English speaking population grew by 126,000 in Metro Toronto, outside the City of Toronto, and by 112,000 in the surrounding regional municipalities.

The net effect of the trend to smaller household sizes, gentrification and deconversion has been a decrease in the number of dwelling units in the existing housing stock. Replacement of these deconverted units with conversions or new units was insufficient to offset a marked decline in the owner-tenant stock in the 5-year period. The table below further illustrates the trends in the existing stock as well as new additions to the stock in 1976-1981.

Table 2.3 Changes In Assessment Dwelling Stock By Tenure;  
City Of Toronto, 1976-1981 (000's Of Dwelling Units)

	<u>1976 Stock</u>		<u>New Additions To Stock 1976-1981</u>	<u>1981 Stock</u>
	<u>In 1976</u>	<u>In 1981</u>		
Owner-Occupied	79.1	84.6	2.7	87.3
Owner-Tenant	45.0	35.5	0.1	35.6
Tenant-Occupied	<u>131.8</u>	<u>128.0</u>	<u>11.3</u>	<u>139.3</u>
Total Occupied Stock	255.9	248.1	14.1	262.2
Vacant	<u>5.6</u>	<u>5.2</u>	<u>1.3</u>	<u>6.5</u>
Total Stock	261.5	253.3	15.4	268.7

Source: Housing Occupancy Analysis System, City of Toronto Planning and Development Department.

It is evident that, despite the 11,300 new units added to the rental stock in 1976-1981, rental stock losses due to deconversion, demolition or conversion to owner-occupancy status have resulted in a small decrease of 1,900 units in the total rental stock in the 5-year period from 1976 to 1981.



Owner-occupied stock on the other hand increased by 8,200 units despite the fact that only 2,700 new owner-occupied units were added in 1976-1981. The majority of the discrepancy is comprised of switches from the owner-tenant category.

There is a wealth of information available from HOAS both at the City-wide and ward levels. The table below presents information on the size of the owner-tenant stock by ward in 1976 and 1981.

Table 2.4 Occupied Owner-Tenant Stock;  
City Of Toronto Wards, 1976-1981 (000's Of Dwelling Units)

<u>Wards</u>	<u>Owner-Tenant Stock - 1976</u>	<u>Owner-Tenant Stock - 1981</u>	<u>Change 1976-1981</u>
1	4.7	4.6	-0.1
2	6.2	5.3	-0.9
3	5.4	3.6	-1.8
4	7.4	6.1	-1.3
5	4.9	3.7	-1.2
6	3.3	2.3	-1.0
7	2.2	1.4	-0.8
8	3.7	2.3	-1.4
9	2.8	2.3	-0.5
10	2.3	2.0	-0.3
11	<u>2.1</u>	<u>1.4</u>	<u>-0.7</u>
City of Toronto	45.0	35.0	-10.0

Source: Housing Occupancy Analysis System, City of Toronto Planning and Development Department.

It is evident that deconversion of this owner-tenant stock is occurring throughout the City; however, the most active wards (in terms of deconversions) appear to be Wards 3, 4, 5, 6 and 8. The wards with the majority of the owner-tenant stock are Wards 1-5 with two-thirds of the stock in 1981; but all wards have at least some owner-tenant properties.

The overall trends in the owner-tenant stock in 1976-1981 can also be presented by ward. The highlights in these trends by ward are presented below though (for the sake of space) no additional exhibits are presented.

- . Of the 11,100 owner-tenant units which switched to owner-occupancy in 1978-1981, the most active wards were:
  - Wards 3 and 4 with 2,000 each,
  - Wards 2 and 8 with 1,400 and 1,300 respectively, and
  - Wards 1 and 5 with 1,100 each.
- . Switches of properties from owner-occupancy to owner-tenant status totalled 7,000 during the period for the City as a whole, this was most prevalent in Ward 4 (1,300 units), Ward 3 (1,100 units) and Ward 2 (1,000 units).
- . Switches from tenant-occupancy to owner-tenant totalled 5,900 in 1976-1981; 1,200 of these occurred in Ward 1.
- . Losses to the owner-tenant stock due to demolition or conversion to non-residential were most prevalent in Ward 6 which accounted for 550 of the 700 losses.
- . Vacant units in the owner-tenant stock are concentrated in Ward 7 with almost 300 of the 500 vacant units in the City.

The HOAS offers a unique new opportunity to analyse the changing occupancy patterns within the existing housing stock, the analysis presented here really only scratches the surface of the possibilities.

### 3.0 DEMOLITIONS AND CONDOMINIUM CONVERSIONS

The HOAS information presented earlier does not specifically identify total or rental stock losses due to demolitions or condominium conversions. They are, however, included in some broader categories; referring to the table "Changes in 1976 Assessment Dwelling Stock":

- . Demolitions are included in the category "Demolitions and Conversion to Non-Residential Buildings" which totalled 3,100 units in the City of Toronto over the 1976-1981 period; 1,600 of these units were tenant-occupied in 1976;
  - statistics provided from another data source within the City of Toronto Planning and Development Department indicate that demolitions of dwellings of all tenure types during the 1976-1981 period totalled 1,413 dwelling units. So, clearly, almost as much stock is being lost through conversion to non-residential uses as through demolition.<sup>1</sup>
- . Condominium conversions are included in the 5,800 dwellings which were tenant-occupied in 1976 but which had switched to owner-occupancy by 1981 (though some of the condominium units which resulted would, no doubt, have been subsequently rented out);
  - according to the City of Toronto Planning and Development Department, there were a total of 638 units converted from rental to condominium tenure in the City of Toronto in the 1976-1981 period. It appears that except for condominium conversions, switches from ownership to rental almost balance the switches the other way.<sup>2</sup>

In total, relatively little stock is lost because of demolitions and condominium conversions; the following table presents estimates of losses due to these factors along with the 1981 Census of Canada figures for the total rental stock in each case study area (except Woodstock).

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<sup>1</sup> The 1,413 units refer to the six calendar years 1976-1981 whereas the HOAS refers to the five year period intervening these years.

<sup>2</sup> With the exception of a 6 unit building in 1981, all these condominium conversions occurred in 1976.



Table 3.0 1981 Rental Stock By Dwelling Type And 1976-1981 Demolitions And Condominium Conversions Case Study Areas (Dwelling Units)

	<u>Toronto</u>	<u>North York</u>	<u>Hamilton</u>	<u>Ottawa</u>	<u>Kingston</u>
<u>1981 Rental Stock</u>					
Row and Apartment	116,720	85,330	40,880	62,080	9,970
Other	26,280	5,410	8,805	12,065	2,325
Total	<u>143,000</u>	<u>90,740</u>	<u>49,685</u>	<u>74,145</u>	<u>12,295</u>
<u>Demolitions 1976-1981</u>					
Row and Apartment	785	227*	82	259	47
Other	628	742	729	454	65
Total	<u>1,413</u>	<u>969</u>	<u>811</u>	<u>713</u>	<u>112</u>
<u>Condominium Conversion</u>					
1971-1975	109	1,347	853	n/a	24
1976-1981	638	526	1,591	238	108

\* Dwelling unit information was not available; thus was estimated using square footage data.

Source: 1981 Census of Canada and unpublished information from case study municipalities.

Unfortunately, demolition data do not disaggregate by tenure, however, even if it is assumed that all row and apartment demolitions and half of other demolitions are rental units, the rental stock losses from both demolition and condominium conversion have been relatively small.

- . In North York, only about 600 rental units were lost over the 1976-1981 period due to demolition and a further 526 units were lost due to condominium conversion; this combined loss of 1,126 units represented 1.2 percent of the 1981 stock. Despite these losses, the total occupied rental stock in North York increased by 7,600 units in the 1976-1981 period.
- . Hamilton's rental stock demolitions in 1976-1981 are estimated at about 450 units with a further 1,591 units lost due to condominium conversion; the combined loss of 2,041 represents just over 4 percent of the 1981 rental stock. Hamilton's occupied rental stock increased by 4,200 units between 1976 and 1981.

- . Ottawa had about 500 rental unit demolitions in 1976-1981 with condominium conversions totalling 238 units; the total estimated rental stock loss due to these factors (738 units) represented only 1 percent of the 1981 rental stock. The occupied rental stock in Ottawa increased by 5,250 units during the 1976-1981 period.
- . In Kingston, about 80 rental units were demolished and a further 108 units were converted to condominiums over the 1976-1981 period; the combined loss of 188 units from these sources represents about 1.5 percent of the 1981 rental stock. Kingston's occupied rental stock increased by only 200 units in 1976-1981 so replacement of these lost units represented about half of the new production.
- . In Toronto, only about 1,100 rental units were lost due to demolitions. Adding on the 638 units converted to condominiums, the 1,738 units lost due to these two factors account for 1.2 percent of the 1981 rental stock. Over the 1976-1981 period, Toronto's occupied rental stock increased by 8,100 units.<sup>1</sup>

Clearly, rental stock losses due to demolitions and condominium conversions have been marginal in 1976-1981. However, it must be borne in mind that condominium conversions are now severely restricted in most centres and, if such restrictions were not in place, substantially more conversions would likely occur. It must also be recognized that each of these units lost either through demolition, condominium conversion - or deconversion of grade-related dwellings - must be replaced by a high-cost and high rent new unit with consequent impacts not only on tenants but on society as a whole.

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<sup>1</sup> This estimated rental stock increase is from Census of Canada figures. The increase estimated from assessment figures in Table 2.1 was 7,500 units; the difference is no doubt due primarily to definitional differences.





## **PART 4.1.2**

### **SOCIAL IMPACT OF RECENT & FUTURE GRADE-RELATED RENTAL STOCK LOSSES**

Prepared by:  
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#### 4.1.2 SOCIAL IMPACT OF RECENT & FUTURE GRADE-RELATED RENTAL STOCK LOSSES

##### 1.0 INTRODUCTION

An examination of the potential and constraints faced in increasing Ontario's housing stock through the conversion of existing homes within well-established and fully developed cities, cannot be considered complete without a thorough examination of the opposite process, i.e., the process of the deconversion of existing multi-unit homes into homes that contain fewer units or a single family only. This process of deconversion, known as "gentrification" or "white painting", is a well established phenomenon in many of Ontario's larger cities. Directly related to this process is the loss of housing stock due to changes in land use from residential to commercial and the demolition of houses to make way for other types of development.

There are three reasons why an examination of gentrification is an important part of a study which seeks to encourage the creation of additional housing units through conversion.

- . The process of gentrification has the opposite effect of that intended as an outcome of this study, in that it reduces rather than increases the number and affordability of housing units within the existing stock. Therefore, the process must be thoroughly understood in order to evaluate the likely strength of this market phenomenon versus the direction intended by the study.
- . The process of gentrification has created both positive and negative results. It is important to understand both of these results as an integral part of this study, which seeks to intervene in the process of existing neighbourhood change. It is particularly important to understand the negative effects of gentrification in order to seek solutions where these are necessary.
- . The process of conversion presupposes a general upgrading and conservation of the existing housing stock. However, there is a danger that some of the same potentially negative social results of gentrification can also occur through government programs which encourage conversions. These negative results must be analyzed, understood and then taken into account before any new programs to encourage conversions are proposed.



## 2.0 THE PROCESS OF NEIGHBOURHOOD CHANGE

Cities are constantly changing. Neighbourhoods which were once the most exclusive parts of town become run down and occupied by the poorest people. The same neighbourhoods fifty years later are taken over by commercial development, high rise towers or once again become valued as homes for the wealthy. Industries which were once tied to the core areas where the railways carried both their product and their materials, move to the suburbs to the spacious industrial parks which provide easy access to the modern highway. The old downtown industrial buildings become homes for artists, for restaurants and fashionably-renovated professional offices. These changes continue to occur in all parts of all cities as they adapt over time to the needs of our society.

The forces which give rise to the process of urban change are complex. They derive from a combination of technological change, political pressure, governmental policy and private investment decisions. Just as it is true that the automobile created the conditions for the growth and spread of the North American suburb, it is equally true that government encouragement and assistance to home ownership, combined with a period of massive immigration, allowed the suburbs to develop.

Many of the older inner neighbourhoods in Ontario cities have been through three or four completely different life cycles. They began as the homes of the wealthy in the days before the automobile and public transit. As private and public transportation alternatives developed, the wealthy moved outward, away from the factories and offices of the downtown and into the openness and greenery of the suburbs. Their housing was then converted into housing for working people who were needed to operate the growing industrial and commercial base of the city. Thus the houses were divided up to accommodate poorer people, newly arrived immigrants, migrants from the countryside and from other provinces.

The inner residential neighbourhoods retained their function as an arrival place as well as a permanent location for those with no other housing alternatives. Large houses became rooming houses or cheap flats. The general environmental quality of these old inner-city neighbourhoods declined and was considered undesirable, particularly by those who controlled power in the cities and who now lived in the suburbs.

The old inner-city neighbourhoods surrounded the downtown commercial centre and became the logical area for the expanding commercial centre or for land uses directly related to central city functions. Also, the generally poor environmental quality of these residential neighbourhoods detracted from the potential of the centre and discouraged investment.

The most obvious force for change was that of complete redevelopment. Land values in these inner-city residential neighbourhoods were low and demand for new facilities close to the downtown was potentially great. Thus, proposals

for major and minor redevelopment have continued to change the face of these neighbourhoods since the early 1950's. The results have been dramatic changes in land use, from residential to commercial or institutional, or from low-rise houses to high-rise apartments.

The most dramatic action during this period of change was the utilization of urban renewal by governments. This process allowed public power and funds to wipe out whole neighbourhoods and turn them over to public and/or private interests for complete rebuilding. The theory under which governments operated was that the existing neighbourhoods represented such a severe disincentive to redevelopment and investment that public sector initiative was required to clear the way and create conditions for change.

The fate of inner-city neighbourhoods, until the end of the 1960's, appeared to be sealed. Decay, abandonment, and demolition, was the fate of many inner-city neighbourhoods. Large scale urban redevelopment at substantially higher densities took the place of small-scale residential structures.

A number of social, economic and political events coalesced in the late 1960's and early 1970's to halt the patent destruction of inner-city neighbourhoods. The following section explores the socio-political, demographic and economic conditions which lead to reinvestment in many inner-city neighbourhoods while saving the low-rise housing form and completely altering the socio-economic composition of these neighbourhoods.



### 3.0 PRE-CONDITIONS FOR INNER-CITY RESIDENTIAL GENTRIFICATION

It became increasingly clear that urban renewal was an unacceptable physical and social solution for dealing with neighbourhood change. Often the problems were exacerbated by higher densities and an alienating living environment. The high-rise buildings of the modern movement which resulted in large expanses of under-utilized open space, reliance on the automobile and a sterile pedestrian environment came under heavy attack. The loss of historically significant residential neighbourhoods to the wrecker's ball began to sensitize people to the consequences of the modern alternative carried to its ultimate conclusion.

The destruction of inner-city neighbourhoods and consequent displacement of residents served to politicize the people directly affected. Neighbourhood associations, ratepayer groups and tenant organizations were soon organized. They became a politically significant counter-balance to the interests of urban renewal and effectively halted the process.

An important factor which helped create the conditions for renewed investment in the remaining inner-city older housing stock was the changing preferences of a portion of the baby boom population. The post-World War II baby boom population was nurtured largely in the affluent suburban setting of the nuclear family. This population cohort became the most highly skilled and educated generation in history. For many, the inner-city environment was relatively unknown until they left home to enter post-secondary institutions which were very often located in the inner-city. The rejection of the suburban environment by many people of this generation was an outgrowth of the discontent and the desire to explore new lifestyles that surfaced in the 1960's. A renewed interest in cultural and historic roots could be nourished vicariously through the return to the inner-city.

Yet another important influence in the socio-economic composition of inner-city neighbourhoods has been the accelerated locational adjustments of various industrial sectors. Traditional blue collar employment continued to disperse from inner-city locations which it predominated during the 19th and early 20th century. Managerial and white collar employment opportunities, however, continue to expand in the central city. These locational adjustments in employment have led to related adjustments in residential settlement patterns.

The revitalization of inner-city neighbourhoods has been made possible by a portion of the educated baby-boom cohort who have taken up the white collar employment opportunities which have arisen in the inner-city. These opportunities were combined with the genuine desire on the part of many to reside at inner-city locations close to their places of employment, where housing opportunities were initially relatively inexpensive.



#### 4.0 THE PHENOMENON OF RESIDENTIAL GENTRIFICATION

The term "gentrification" has been borrowed from the British. It serves as the most appropriate term to identify a particular housing phenomenon that has been occurring in a large number of cities to varying degrees. The only dictionary definition appears in the 1980 Oxford American Dictionary:

"gentrification, n., a movement of middle class families into an urban area causing property values to increase and having the secondary effect of driving out poorer families."

Gentrification is alternatively viewed as part of a process of private urban renewal, urban or housing rehabilitation, inner-city revitalization, urban conservation, and by several local names - whitepainting (Toronto), brown stoning (New York), and trendification (Australia)(20). All of these terms give an indication of what has occurred in many low income inner-city neighbourhoods, but none pinpoint it exactly. For purposes here, the dictionary definition will be used, with one qualification: families are the exception as the in-movers. The predominant household type of "gentrifier" is not a middle class family, but rather a professionally employed couple, or one of several alternative lifestyle groups.

Physical changes relating to gentrification are the 'deconversion' of a house, reducing the number of overall housing units by altering an older, already altered structure from a subdivided use into a one or two unit structure. In neighbourhoods close to the downtown, particularly those along major roads, existing houses also became the natural target for conversion from residential to commercial for retail stores, professional offices, etc. In such areas the pressure from the downtown can also mean the demolition and redevelopment of existing houses to make way for new buildings which are often non-residential.

Profiles of gentrifiers from a number of studies have indicated that the largest percentage tend to be college educated, young professionals - i.e. the matured 'baby boom' age cohort.<sup>3</sup> It is not a 'back-to-the-city' movement, as touted by the press, but rather is composed largely of suburban-raised individuals who moved to the city for their education and stayed. Upon entrance into the housing market after beginning a career, the housing choices for this large group of individuals were limited to the newer suburbs which are farthest away from employment centres or the inner-city.

The types of neighbourhoods which are most vulnerable to gentrification can be defined as follows:

The City:

- . Must have an historic and/or attractive central area.

- . A high proportion of office and professional employment, concentrated in the downtown core must be present.
- . A tight housing market is conducive.

The Neighbourhood:

- . Older housing stock with some structural or architectural merit is needed. The greatest number of "gentrified" structures date before 1920.
- . There must be some inner city amenities present (e.g. parks, historic attractions, etc.).
- . An absence of racial strife is generally a requirement.
- . Relative difficulties in commuting to the newer suburbs - due to great distances involved, lack of an efficient highway network, etc. may be a major factor, as evidenced by Boston, Philadelphia, San Francisco, London, etc.

Economic Status:

- . Quite often a perceived investment potential, which will accelerate the turnover rate is present.
- . There must be particular accessibility and price attributes present for gentrification to occur on a large scale.

## 5.0 PHYSICAL AND SOCIAL IMPLICATIONS OF GENTRIFICATION

Inner-city neighbourhoods experiencing gentrification undergo a process of considerable improvement and rehabilitation of their housing stock. As middle income groups seek proportionately more space than the former working class inhabitants, single family dwellings previously occupied by possibly two families are deconverted to accommodate just one family; rooming houses with 10 rooms can become two or three apartments. This process will lead to greater neighbourhood heterogeneity and diversification, at least in the initial stages. Where neighbourhoods are predominantly of ethnic or other homogeneous composition, greater heterogeneity will result from the in-migration of individuals, couples and families with incomes above those of the existing neighbourhood.

Heterogeneity will be characterized by more diverse incomes, family composition and ethnic composition. Depending upon the intensity of neighbourhood gentrification, the displacement of original working class residents may continue to the point where such neighbourhoods once again become relatively homogeneous with respect to incomes but probably not with respect to family composition and ethnicity.

This process of neighbourhood change leads to rising property values which in themselves are determined by both physical improvements and a neighbourhood's attractiveness to higher income groups. The increase in property values produces higher tax assessments, thus creating a more financially secure municipal tax structure.

Neighbourhood gentrification is more than the physical improvement of private property. Increased tax revenues have provided funds for improved landscaping on public boulevards, new neighbourhood parks, cosmetic improvements to sidewalks and other such improvements. Municipalities have often provided funds for local merchants to organize business associations which form common marketing strategies and lobby for physical improvements to their commercial districts. These efforts are often reinforced by the increased purchasing power of neighbourhood residents who have recently moved into neighbourhoods adjacent to traditional commercial strips.

For the "gentrifier", the results of gentrification include the deconversion of a multi-unit under-maintained house with a myriad of problems. These may necessitate re-roofing, re-wiring, re-plumbing, etc., but after a substantial investment the resulting older property has dramatically increased in value. If the gentrification "movement" is large enough, i.e. at least a small number of individuals rehabilitating their houses in a limited relatively contiguous geographical area, the consequent effect will be an "up-filtering" of the housing stock in terms of value and of the socio-economic status of the neighbourhood. Increased accessibility to the social and cultural amenities the downtown core has to offer encourages these "gentrifiers" to cope with the problems of small lots, small houses and parking problems associated with these inner-city neighbourhoods.



The remaining residents experience a separate set of effects as a result of gentrification. If they have been able to hold on to their homes (generally older homeowners, as the tenant households will have been displaced), they may begin to feel pressure to sell, or to "fix up" their houses to meet the new neighbourhood standards. Increased alienation in their neighbourhood over a period of time may eventually pressure these residents to sell their homes at prices that they may perceive to be good, but in the current housing market the price is often not high enough to enable them to buy replacement housing.

The greatest problems occur for tenants who formerly lived in "gentrified" neighbourhoods who have been forced out through the process of gentrification, change to commercial use or demolition. This is largely due to the absentee landlord ownership patterns of inner-city neighbourhoods ripe for gentrification, which contain a large tenant population. This tenant group generally consists of low income singles, single parent households, or non-family groups of individuals sharing a house to reduce rental costs.

Certain members of this group are not disadvantaged as greatly as others when the gentrification process takes place. Young people who have just entered the labour market who share a house or live in rooming house accommodation in order to save on housing costs, are more likely to be able to find alternative housing (e.g. a shared flat or apartment), than are the chronic low-income or welfare members of this group. It is these latter individuals who are the most visible victims of the gentrification process and it is this group which will be dealt with in greater detail in section 6.0 of this paper. However, it should be clearly understood that the process of gentrification has repercussions for groups in society other than those at the lowest end of the income scale.

One major result of gentrification, therefore, is the disappearance of a traditional and desirable form of housing for a group of people who may indeed have other housing options, but whose options are now greatly reduced. This group and middle income groups are locked into competition for scarce rental accommodation usually in high-rise apartments. The competition limits the options and obviously excludes the low-income group at the bottom. It is this group which turns to government for assistance in order to find suitable shelter.

Encouragement of the conversion of existing housing by governments will likely result in an upgrading of existing housing and the addition of more units to the housing stock, creating more accessible housing opportunities for individuals who can afford these options. The low income individuals characterized as displacees due to gentrification, either those who have already been displaced but are now living in other inner-city neighbourhoods, or those who have not yet been affected but live in target neighbourhoods, face a real threat. Conversion programs can create the same pressures as gentrification. The problem here is not the quality nor even the quantity of housing stock, but rather the affordability.

The present difficult economic conditions have combined with the process of gentrification, or more importantly deconversion, to produce both social and housing crises for a growing population in our society. This population consists of those socio-economic groups which have traditionally found refuge in inner-city accommodation such as rooming houses, multiple unit houses, older apartment buildings and older hotels. The consequences for the displacees and the changing inner-city housing conditions were investigated through a series of key interviews discussed in the next section. The diminishing housing options and resultant social and psychological disruption for these segments of the population is probably the most tragic side effect of the inner-city residential gentrification process which has resulted in considerable improvements to many neighbourhoods.



## 6.0 PERCEPTIONS OF THE HOUSING PROBLEM FACED BY LOW INCOME SINGLES

In recognition of the social and housing related consequences of gentrification for particular groups in society it was considered essential to investigate these trends further. In the absence of any data and/or studies, interviews were held with more than 40 key people associated with social and governmental agencies responsible for or indirectly involved in the housing needs of those unable to afford or find suitable accommodation. Personnel from non-profit housing agencies, United Way social agencies, City, Regional and Provincial agencies, and church organizations were interviewed in Metropolitan Toronto and in the Ottawa region. The first hand experiences of these agencies corroborates the preceding analysis, provides invaluable insight into the problems and offers direction for appropriate policy responses.

The overriding conclusion drawn from discussions with the key informants was that low income individuals and families face extreme difficulties directly as a result of the loss of a large supply of inexpensive housing in the inner residential neighbourhoods of Ottawa and Toronto. There is a direct relationship between the intensity of the problems experienced and the degree to which the inner-city neighbourhoods have been gentrified. This includes houses being converted to commercial uses, the conversion or demolition of old cheap hotels and other demolitions.

The group which is most in need is the single person or couple below the age of qualification for senior citizen housing. These people are not eligible for any direct housing assistance from government and are left to fend for themselves or turn to emergency housing as a last resort.

### 6.1 Perception of Need

Virtually all employees or volunteers from housing agencies interviewed emphasized that the demands on their services have increased significantly over the past 5 to 10 years and particularly in the last 2 years. The types of housing operated and/or supplied by these agencies were under pressure not only from their usual client groups but also from other segments of the population who previously had not placed a demand on their services. The problem is a lack of supply of suitable housing and care for low income groups in society. In some cases it is a question of supply and in others it is a straightforward affordability problem. The problem has worsened considerably in recent years due to the poor economic conditions of the country, resulting in very high levels of unemployment.

Officials from one agency after another provided graphic instances of how the housing crisis has led to malnutrition, sleepless nights, and simply no place to go for an increasing number of people. They indicated that many of the homeless were sleeping on the streets, in garages, over building hot air vents and in alleys. There has been a tremendous jump in the number of emergency cases in the last few years. Each key interview produced both individual stories of need and estimates of how many people are being affected. The



collective experience of all the agencies is that the need is increasing, more people are being turned away and more people are being accommodated in unsuitable conditions. A survey undertaken in June 1982 by the Metropolitan Toronto Planning Department produced a conservative estimate of 3,440 homeless individuals in Metro Toronto during that month (35).

## 6.2 Perception of the Causes

Many key informants described how the process of gentrification gradually wiped out the supply of cheap rental accommodation. They had no doubt as to the direct relationship between the process of gentrification and the steady deterioration of the housing situation for low income single people. The study undertaken by the Metro Department of Planning in June 1982 indicated that 52% of those then living in hostels, (whose previous accommodation was known), had been displaced from private rooms or apartments due to eviction or rent increases. A further 25% had come from other hostels, 8% from family homes (a result of domestic problems), 7% from the institutions and 7% from the street. (35)

Key informants pointed again and again to the rooming house as being the ideal type of accommodation for singles. This type of housing was cheap, often well-located to the social infrastructure of low income singles, variable in terms of the kinds of service offered with shelter, flexible in terms of rental term and lifestyle, etc. However, this form of housing has been drastically reduced in Toronto and is well on its way to disappearing in Ottawa. Old hotels which served a similar and important function for this group are also being lost rapidly. Whole neighbourhoods which contained a majority of rooming houses have now been reduced to one or two every few blocks.

The rooming houses have been wiped out through gentrification and building code enforcement. Fires in rooming houses or unsanitary conditions have led to municipalities requiring that landlords make substantial investments in their old houses to bring them up to a certain level of safety. The capital investment is rarely justified when the market served continues to be low income single persons. Therefore, such code enforcement usually results in upgrading the building to a high quality rooming house or more often to a number of expensive apartments. The hotels disappear as market conditions dictate that the time for redevelopment is ripe, particularly as property values in surrounding areas rise.

Virtually no new rooming houses are being created as the returns will not justify the investment. There is general agreement that the private market is rapidly and permanently disappearing as a source of housing for low income single people and families. Municipal non-profit housing corporations such as Cityhome in Toronto and City Living in Ottawa are no longer permitted to purchase existing rooming houses. The present non-profit program would not allow all rents in a given building to be sufficiently low to accommodate single people in need, even if the non-profit agencies were again permitted to

purchase such buildings. In any event, single people below the age of eligibility for senior citizen housing do not qualify for the rent supplement program.

The neighbourhood in the process of gentrification often becomes hostile to existing rooming houses and old hotels, and is particularly hostile to allowing new ones. Neighbourhood plans and N.I.P. programmes have resulted in much public and private investment in communities over the recent past. Now residents want the return of the family and want to exclude rooming houses. Accommodation for singles in group homes or similar living situations has met with substantial and hostile neighbourhood opposition in many areas.

In both Ottawa and Toronto recent initiatives undertaken, in the one case by a voluntary agency and in the other by the City, have led to strong opposition from local residents. There is no acceptance by the community of these groups of tenants, even in neighbourhoods in which they once predominated.

A major influence which has led to an increased demand for emergency shelter and long-term low-cost housing in recent years is the significant increase in levels of unemployment. Higher unemployment in regional, non-urban areas has induced rural-to-urban migration for many unemployed workers. Upon arriving in the City they discover accommodation is either too expensive or unavailable in the price range they can afford. Consequently, temporary shelters have been inundated with migrants unable to find accommodation.

The City of Toronto Housing Department has received a substantial increase in applications from young singles attempting to secure housing through Cityhome. The units that are available from Cityhome for singles do not market very well, as the rents charged must be set too high for the singles who are in need. One response has been the sharing of some family units by unrelated tenants. This serves to reduce monthly rents for singles in Cityhome projects while reducing the availability of units that would normally be rented by families. According to Cityhome officials, approximately one-quarter of the people who approach the housing agency are turned away because they cannot be offered direct housing assistance under the criteria established by senior governments.

Related to the generally poor performance of the economy is the lack of rental construction. City of Toronto planners point out that private sector rental construction in 1981 was virtually non-existent. Although any such rental units would not be accessible to the low income groups considered here, the additional rental construction could assist the overall rental vacancy rate and thereby indirectly assist low-income groups. The excess demand has had the effect of squeezing out lower income groups in favour of people who can afford to pay higher rents. Rents in existing units are also being increased as a result of the very tight rental market. Landlords are able to undertake whole building renovations and thereby upgrade the building and displace low income tenants through large rent increases. Rent increases beyond rent review levels may go unchallenged as people are afraid that they will lose their accommodation.



Amendments to the Landlord and Tenant Act which granted strong security of tenure protection to tenants have discouraged many home owners from renting out rooms, particularly in their own homes. According to room registry agencies, small landlords are easily discouraged by one bad experience such as considerable frustration and delay in getting a troublesome tenant to move out. They often choose to keep the space empty rather than risk another bad experience in their own home.

### 6.3 Where do people go

There has been no systematic analysis or study of where the displaced people move. Those who can afford it will simply be forced to pay a larger proportion of their income on housing and seek more expensive accommodation in available apartments.

Key informants indicated that many displaced people are relying increasingly on social agencies and institutions to provide them with shelter or assistance in finding housing. Those found on the streets are the bottom of the heap, however, they represent only a fraction of those in difficulty. People are doubling-up with friends or relatives or they are moving to lower-rent suburban locations. According to one CMHC official some suburban areas are becoming the last ditch safety valve; old walk-up apartments in these areas are in some cases still accessible to low income working people. Where people remain in the city they are forced to double-up in already over crowded accommodation. An Ottawa Alderman was emphatic, "if something is not done there will be a tragedy. People are sleeping all over the place now. We still have some rooming houses but instead of 1 or 2 people to a room there are 10."

The number of "economic evictions" in the Ottawa area is increasing according to one official. Low income individuals are spending 40-50% of their income on accommodation. This leads to a diminished number of choices for those unable to afford their own separate accommodation. People are often placed in social and living situations which are undesirable and unsuitable. In some cases people may be forced to return to family situations where conditions may be unsuitable or undesirable. Networks and support systems are thus lost and social agency supports may be too distant to seek out. Access to job opportunities and a chosen lifestyle are lost. Women in unacceptable family situations e.g. battered wives, cannot leave home unless they have a place to go.

### 6.4 The group in need

While the housing pressures affect all those with low incomes in our society, the key informants were particularly concerned with communicating the needs of the single person group. This group has no permanent form of housing provided by government assistance and is forced to rely exclusively on the private market or emergency shelter. It is not intended to minimize the needs of groups such as single parent families for whom the pressure is equally great. However, we were asked to focus on a group which has yet to be accepted by



society as being a group worthy of some of the special attention and support which is being given, albeit to a limited extent, to groups such as single parent families.

The above position is supported in a report prepared by the Interdepartmental Task Force on Affordable Housing of the City of Toronto dated September 24, 1982.

"This report concludes that smaller households represent a rapidly growing section of the City's population. Furthermore, unattached individuals have specific housing needs which are not now being satisfied. While many low to moderate income households currently face a housing crisis, this situation is particularly severe for consumers of small rental units. Low income singles and couples under 60, however, are excluded from virtually every type of public housing and rental assistance program." (36)

Many of the key informants have segmented the low-income single person group into a number of sub-groups. Often voluntary agencies have defined one such sub-group as a special focus for their particular agency. The sub-groups include men, women, the skid-row person, ex-psychiatric patients who were recently released from mental hospitals as a result of government policy, ex-convicts, mentally retarded, physically disabled, younger people, etc.

The proportion of young people in need of both long-term permanent housing and temporary shelter has apparently increased dramatically over the past 2 or 3 years among both men and women. This is a sub-group not normally associated with the traditional skid-row population. Yet they are now shoulder-to-shoulder competing for the same shelter and assistance.

The release from mental hospitals of a large number of psychiatric patients into the community has placed still more pressure on a system which was already unable to cope. These relatively newer sub-groups have put considerable pressure on those who have traditionally relied on the dwindling supply of cheap rooms, hotels or hostels for many years.

The more recent arrivals on the scene such as young singles and ex-psychiatric patients have attracted more voluntary assistance. They are seen by some as a group of "deserving poor" rather than the longer-term "non-deserving poor" who are easily identified or labelled as a skid-row problem. Yet it was strongly argued by many of the key informants that the whole group of low-income singles must be seen as being in some way socially disadvantaged and in need of "special" help. The mere fact of having no work, no family network and no permanent shelter is sufficiently damaging to make a person "marginal".

Those who carry an "ex-psychiatric" label are by no means the only group who are in need of special assistance in finding their way to a solid foundation on which to build their lives. Even those who have been in the skid row situation for a long period of time are frequently incorrectly labelled as being

alcoholics; it is estimated that only one-third do in fact have a problem with alcohol. Many of these might have been part of the ex-psychiatric sub-group but have instead ended up in another sub-group.

Therefore, it was agreed that there is a real danger in sub-grouping the low income single group and singling some out for special attention. Instead it was made clear that all low income singles are in the same situation. They have two urgent and serious needs in common:

- . The need for permanent housing which they can afford.
- . The need for some form of support and assistance in order to help them become an integrated part of society.

### 6.5 Emergency housing

In Ottawa the emergency housing system is less sophisticated than in Toronto. The real crisis in Ottawa has emerged over the past two to three years and the emergency housing network has yet to be built up. In Ottawa the process of gentrification is also much more recent than in Toronto where it has been underway for over a decade. In Toronto the emergency system is in place though under extreme pressure, and is being urgently expanded to accommodate anticipated need over the winter months.

The emergency housing system is intended to provide short term housing for people in a period of crisis. While facing their crisis, the emergency housing system helps individuals to meet their shelter needs and provide them with other necessary assistance to get them back on their feet and find a place, and a home, in society again. However, as a result of the drastic shortage of affordable housing, many people are living permanently in emergency hostels.

Some have been there for more than 5 years. Thus the space is not free for "real" emergencies, which occur on a regular basis. Emergency housing is becoming permanent housing and people are becoming permanently dependent on this form of housing.

The emergency system is being expanded to respond to the serious demand for space through the creation of more hostels, flop houses and the opening-up of churches for sleeping at night. While these responses are an improvement over allowing people to freeze on the streets, they are utterly rejected by most key informants. The creation of large scale semi-institutions to resolve the problem of low-income housing affordability is to "sweep the problem under the carpet", "to pretend it doesn't exist" and "to create a state of permanent dependence". The hostel is an important and needed part of the housing system; however, it must not be allowed to become a permanent solution to the housing needs of low income people.



## 6.6 Responses to the problems

Increasingly social agencies, church groups and voluntary groups not directly involved in housing have begun to take action to respond to the problem. As yet the responses are small-scale and experimental and normally limited to one sub-group of externally defined people. Generally the model used points towards a solution which could become widely applicable if funding becomes available. For example, in both Ottawa and Toronto, groups have been formed to assist ex-psychiatric patients.

These ex-psychiatric patients are being housed in groups of about 5 or 10 people in existing houses rented or purchased on the private market, or from cooperatives or municipal non-profit agencies. The rents are within levels affordable by a person on welfare. When a house is purchased special assistance from CMHC has been received. In addition, funding has also been received from the Ministry of Health to provide the social support and supervision which is a vital component of ensuring the long-term success and stability of the accommodation.

The positive elements of the solution are therefore apparent:

- the housing is small scale so as to be unobtrusive within an existing residential community;
- the housing is affordable due to housing assistance from government; and
- funding for sufficient support and supervision is also provided to ensure that the housing is stable internally for the individuals and externally for the community.

The same model as described above for ex-psychiatric patients could be applied to all segments of the low-income single person group who need affordable housing. A number of key informants stressed that to provide shelter only is to design a solution for failure. It would likely fail because the residents would not cope individually, with each other, or with the neighbours, without a built-in system of supervision and support. They would confirm all the worst fears of the surrounding community. Cityhome has found increasing costs and problems in the operation of its rooming houses as additional funds cannot be found to provide the necessary level of supervision and support.

Many voluntary and church groups have grown sufficiently concerned about the problems to become directly involved. Groups have offered to manage privately owned rooming houses, to purchase rooming houses, and to be responsible for a special clientele within a designated number of units in a non-profit housing project. Success is usually limited by lack of funding. Their actions are often directed at a very small tightly defined client group. While this is a necessary and important response it only touches the surface. Even where individuals reach a point where they are ready to live on their own without support of an agency they are typically unable to find affordable housing in the market and thus they stay permanently within the limited supply of housing for people like themselves who are in desperate need.



Housing registries which provide assistance to those seeking low-cost rental accommodation and provide landlords with a steady clientele are finding their existence threatened. In Toronto only one out of four such public registries is still in operation. There is simply not sufficient accommodation on the market to keep them busy. Landlords are now also able to turn to private profit-making "room finder" services to find a more affluent tenant. The quality of accommodation which such registries consider to be adequate has dropped since the supply has decreased and the need increased.

The John Howard Society established a room registry service this past summer whereby its summer staff actively sought out accommodation for its criminal justice clients. The project recognized the importance of careful matching of the roomer with the appropriate type of accommodation. This project was quite successful because of the significant amount of staff effort which went into finding rooms and matching these rooms with their clients. Most of the rooms that were found tended to be in rooming houses. In order for a registry service of this kind to be effective on a permanent basis, a substantial operating budget is necessary which ensures a well-staffed organization capable of squeezing all the suitable accommodation possible from the existing housing stock.



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